



राजपत्र, हिमाचल प्रदेश

(असाधारण)

हिमाचल प्रदेश राज्यशासन द्वारा प्रकाशित

शिमला, शनिवार, 19 जनवरी, 1985/29 पौष, 1906

हिमाचल प्रदेश सरकार

INDUSTRIES DEPARTMENT

NOTIFICATION

Shimla-171002, the 5th January, 1985

No. 9-4/73-SI(Rules) IV.—In partial modification of this Government Notification of even number, dated the 14th May, 1980 and subsequent notification of the same number dated the 28th August, 1984, the Governor, Himachal Pradesh is pleased to re-notify the following rules for the grant of revised incentive to the new and already established industrial units in Himachal Pradesh after incorporating the amendments made therein from time to time subject to the applicability from the dates specified under each rule.

1. Short title and Commencement.—(1) "These rules shall be called the revised rules regarding Gran. of Incentives to New and already established Industrial units in Himachal Pradesh, 1984.

(2) It will be lawful for the Government to discontinue/rescind/amend all or any of these Incentive at any time.

(3) *Eligibility.*—Hereinafter appearing incentives are provided to the new and already established Industrial units under the discretionary powers of the State Government and hence they do not create any claim against Himachal Pradesh Government enforceable in any court of law.

2. Definition.—Under these rules unless the context otherwise requires:—

- (a) 'Building material' means all the material required for the construction or renovation of factory buildings' godowns and offices etc. for the industries units.
- (b) 'Electricity charges' means the electricity tariff levied on power consumption by the Himachal Pradesh State Electricity Board.
- (c) 'Established Industries' means an Industrial unit located within the State of Himachal Pradesh and which is in production on the date of notification.
- (d) 'Feasibility Report' means a report on the economic and technical feasibility of industrial project proposed by a Consultant or Agency approved by the Director of Industries Himachal Pradesh/Government.
- (e) 'Financial Institutions' means all scheduled banks, Himachal Pradesh Financial Corporation, Himachal Pradesh Mineral and Industrial Development Corporation, I.F.C.I, I.C.I.C.I. or any other institution declared financial institution by the Government of India under the relevant Act.
- (f) 'Firm' means an undertaking registered under Indian Partnership Act, 1932.
- (g) 'Freight Charges' means the charges for transportation of Industrial raw material and finished goods.
- (h) 'Generating set' means a power plant installed by the Industrial unit for running the factory.
- (i) 'Government' means Government of Himachal Pradesh.
- (j) 'Government Land' means the land under the control of the Government of Himachal Pradesh.
- (k) 'Industrial Area' means an area acquired by the Government for the development of industries or declared by the Government to be an industrial area.
- (l) 'Industrial Estates' means the built up area constructed by Government for allotment to entrepreneurs for setting up industries.
- (m) 'Industrial shed' means a built up building located in an industrial Estate established by Government.
- (n) Tiny, Small, Medium or Large Industry unit shall mean industry/unit as classified by Government of India from time to time.
- (o) 'Octroi Duty' means duty levied in the form of octroi by the Municipal Corporation, Municipal Committee or other local bodies in Himachal Pradesh.
- (p) 'Sales Tax' (general) means tax as might have been collected by the Government under the Himachal Pradesh Central Sales Tax Act, 1968 against the sales of finished products within the territory of Himachal Pradesh.
- (q) 'Central Sales Tax' means Inter State Sales Tax paid by the industrial units against sales of finished products manufactured in Himachal Pradesh.
- (r) 'Private Limited Company' means Private Company as defined in clause (iii) of sub-section (2) of section 3 of the Companies Act, 1956.
- (s) 'Public Limited Company' means Public Company as defined in clause (iv) of sub-section (2) of section 3 of the Companies Act, 1956.

3. Subsidy towards the cost of preparation of feasibility report.—(1) Subsidy will be admissible as under:—

- (i) in case of small scale industry where feasibility report cannot be prepared by the Director of Industries, 75% of the cost subject to a maximum of Rs. 5,000 in each case.
- (ii) in case of medium and large scale industries, 75% of the cost of preparation of feasibility report subject to maximum of Rs. one lakh or 1% of the capital cost of the project in land, building, plant and machinery, whichever is less.
- (2) Subsidy will be subject to the following conditions:
 - (a) the applicant will apply on the application form attached as Annexure-A.
 - (b) the feasibility report is to be prepared by a Technical Consultant approved by the Director of Industries in the case of Small Scale Industry and by a Committee appointed by the State Government in case of medium and large scale industries.
 - (c) the scope of work, time schedule and terms of payment of consultant will be finalised by the Director of Industries in respect of S.S.I. units. The Director of Industries shall sanction and disburse the amount to the industrial units.
 - (d) in case of medium and large scale industries, suitability of consultants will be screened by the Committee consisting of the Secretary (Ind.) Chairman, Director of Industries, (Member Secretary) Managing Director, Himachal Pradesh Mineral and Industrial Development Corporation and Managing Director, Himachal Financial Corporation. The Chairman may invite any technical expert. The Committee shall determine the scope of work, time schedule and terms of payment of consultant so approved. After this Committee screens, it will recommend suitable single consultant for the preparation of feasibility report. The Director of Industries shall have full powers to draw and disburse the amount after the sanction of the Committee.
 - (e) the reimbursement claim will be made only after the establishment of unit and commencement of commercial production.
 - (3) the applications already received by the Director of Industries prior to the issue of this notification shall be decided in the manner prescribed above.
 - (4) The project feasibility report shall be the property of the Director of Industries.

4. Industrial Area.—The Government or Government Corporation may establish industrial areas within the State. The Industrial Areas set up would be divided into three categories:—

- (a) '*A*' Grade Industrial Areas.—These will include industrial areas located or to be located at the periphery of Punjab, Haryana and U.P. e.g. at Parwanoo, Solan, Barotiwala, Nalagarh, Paonta Sahib, Mehatpur, Damtal-Kandrori, Kala-Amb, Nahan or any such areas which Government may put into this category.
- (b) '*B*' Grade Industrial Areas.—These Industrial Areas, would be such areas which are neither included in above '*A*' areas or '*C*' Grade areas.
- (c) '*C*' Grade Industrial Areas.—Industrial areas located in Tribal belts as defined by the Government from time to time.

5. Acquisition of Land.—(1) Government may acquire land for setting up of Industrial areas/estates either by itself; or through any other agency, e.g., HPMIDC, HPHB.

(2) The land in industrial areas would be leased out to the industrialists for the establishment of Industries in the State.

The land so acquired shall be given to the entrepreneur in either of the following manner:

- (a) *on free hold basis*.—On the terms and conditions to be determined by the Department or the Corporation from time to time;
- (b) *on lease hold basis*.—for a period of 95 years;

10% of the premium of land on lease as determined shall be payable at the time of allotment of land and balance 90% in 15 equal annual instalments.

The interest chargeable on defaulting payment would be as fixed by the Government or Corporation from time to time. However, if any party intends to pay entire payment in lump sum it may be accepted by commuting the instalment but the terms and conditions of the grant will remain the same.

The premium on lease hold land would be determined as under:

(i) *A-Grade Industrial Area.*—The land would be leased out on no profit no loss basis. The basis of calculating of no profit no loss would be:

- (a) cost of acquisition of land;
- (b) cost of development. (Cost of development means actual or anticipated expenditure on the development of roads, Sewerage water supply and such other facilities).

Thus the total cost as arrived at in the manner stated above would be distributed to the pro-rata plot area premium per square metre.

The premium of land communicated to the party and incorporated in the lease agreement shall remain the same during the pendency of that lease agreement.

The instalment of premium shall carry rate of interest at the rate of 5% per annum or other rate which may be fixed by the Government from time to time.

(ii) *B-Grade Industrial Areas.*—In these areas land will be allotted at 50% of the cost of developed land.

The instalment of premium shall carry rate of interest at the rate of 4% per annum or other rate which may be fixed by the Government from time to time.

(iii) *C-Grade Industrial Areas.*—The premium shall be determined in the manner as for B-Grade Industrial areas but there will be no interest chargeable on the instalments.

(2) The application for allotment of plots shall be made to the Director of Industries/ General Manager, District Industries Centre as the case may be on prescribed form. The applicant shall have to furnish earnest money calculated at the rate of Rs. 1,000 per acre or part thereof subject to a maximum of Rs. 2,000 in the form of postal saving account/demand draft FDR pledged in favour of Director of Industries.

(3) After the allotment of plot the allottee and Director of Industries, Himachal Pradesh/ General Manager District Industries Centre, shall enter into an agreement of lease (as per annexure I of the agreement of lease on Rs. 2.25 non-judicial paper binding itself to take effective steps within a period of six months. In case the party fails to take effective steps in accordance with the agreement within a period of six months the agreement of lease shall automatically deem to be cancelled and money paid by the leasee shall stand forfeited and plot resumed in favour of the department. No appeal shall lie on the decision taken by the department on resumption of plot and forfeiture of the money.

In case a party takes effective steps to the satisfaction of the Director of Industries, as mentioned above within prescribed period of six months, he shall enter into a regular lease agreement in respect of the land with the department of industries.

Effective steps mean:

- (a) Getting factory building plans approved from the competent authority.
- (b) arranging to get finances for the project sanctioned from the Financial Institution.
- (c) to obtain licences/permission required by the industrial project.
- (d) any other action including incorporation of the industrial undertaking required for speedy implementation of the industrial project.

6. Acquisition of Land for large/medium scale industries.—The Government may acquire land for an industrial unit as defined in the Land Acquisition Act for the purposes detailed in the said Act. The acquisition may be on such terms and conditions as the Government may decide.

7. Building materials.—The Government may give priority to new industries in the matter of allotment of controlled building material like cement, iron and steel etc. The Civil Supplies Department (or any other agency dealing with the construction material on behalf of Government may allot special quota for meeting the minimum requirement of the industrialists on the basis of recommendation from the Director of Industries or his representative i.e. General Manager District Industries Centre.

8. Setting up of Industrial area/Estate for prospective entrepreneurs.—Where 10 or more small scale prospective entrepreneurs approach the Government for undertaking an industrial group Development Scheme, the Government may set up an Industrial Area/Estate.

9. Subsidy on rate of interest.—(i) The tiny units having an investment in plant and machinery upto Rs. 2 lakhs or as may be defined by Government of India from time to time will receive the term loan from Himachal Pradesh Financial Corporation/Scheduled Banks at the rate which will be 3% below the Government lending rate. The subsidy shall not be admissible on wilfully default instalment.

(ii) the difference between actual rate of interest on term loan chargeable by the Financial Institutions and the rate payable in the manner stated above shall be re-imbursed to the HPFC/Financial Institution on a claim to be preferred to the Institution by Director of Industries/General Manager/District Industries Centre.

The Director of Industries will place money in advance with Himachal Pradesh Financial Corporation for this incentive and said Corporation will submit quarterly report of unit-wise disbursement to the Director of Industries who will go on placing funds accordingly during the operation of the incentives. The tiny units who have gone on production on or after 28-5-74 will be eligible for this incentive.

10. Subsidy for capital investment.—35% subsidy on Capital investment shall be allowed to scheduled caste entrepreneurs under the special Component Plan schemes subject to the following ceilings:—

1. the capital investment does not exceed Rs. one lac.
2. the extra 10% subsidy (over 25% central subsidy) shall not exceed Rs. 10,000.

N.B.—These conditions are to ensure that this benefit goes only to the poor section of scheduled caste.

11. Octroi Duty.—The small scale industries registered with the Industries Department will be exempted from the payment of octroi duty on raw material, plant and machinery finished products and building material imported within the limit of Local Bodies/Municipal Corporation for a period of 5 years on the basis of recommendation from the Director of Industries or such officer duly authorised by him in this behalf. Industrial units desiring exemption from payment of octroi duty should apply to the General Manager, D.I.C. for a certificate of eligibility.

12. Sales Tax (General). (a) The General Sales Tax shall be levied on the products manufactured by Small scale Industrial units set up on or after 5th July, 1978 at the rate of 2% for the first five years and 4% for the second block of five years in respect of goods carrying Central Sales Tax at the rate of 7%. The concessional rate of 3% and 5% respectively shall be levied for those periods on articles carrying more than 7% General Sales Tax. In case where the

incidence of sales tax is below 7% the industrial units setup on or after 28th July, 1978 will be exempted from payment of Sales Tax for a period of 5 years.

(b) The small scale industrial units which have already availed, a holiday from sales tax under the previous notification for a period of 3 or 5 years will be eligible for concessional rate of sales tax at the rate of 4% on articles carrying rate upto 7% and 5% on articles normally carrying more than 7% General Sales Tax for a further period of 5 years. Where a small scale unit is eligible for five years exemption according to previous notification but have not yet availed the same for full term of five years may will pay sales tax at the rate of 2% or 3% as the case may be for the remaining period to complete the first block of five years and shall thereafter pay general sales tax at the rate of 4% or 5% as the case may be for the next block of five years.

(c) The above concession shall be admissible only to those small scale industrial units which are registered under the Himachal Pradesh General Sales Tax Act, 1968 and comply with its provisions.

(d) the concession shall be available when the articles manufactured in Himachal Pradesh are exclusively sold by the manufacturers themselves or through the registered dealers only.

13. Concession of Central Sales Tax.—(i) The industrial units set up in Himachal Pradesh on or after 28-5-74 and which have gone into commercial production shall get the following concessions in CST:—

(a) The SSI units shall be charged 1% CST on sale of their factory products outside Himachal Pradesh for a period of first five years from the date of production and 2% for the next period of 5 years.

(ii) The medium and large scale industries with capital investment i.e. investment in land, building and machinery upto Rs. 2 crores shall be eligible for interest free loan against CST paid by them on inter-state sale during the first three years of production in the following manner:—

(a) Unit with capital investment upto Rs. 50 lakhs shall be entitled to annual interest free loan equal to 8% of the capital cost or the actual CST paid, whichever is less.

(b) Units with capital investment above 50 lakhs and upto 2 crores shall be eligible to annual interest free loan equal to 5% of the capital cost or actual whichever is less.

(iii) The said loan will be utilised by the unit for capital investment, working capital or repayment of term loan of the financial institutions or as may be decided by the State Government at the time of sanction and will not be utilised for any other purpose.

(iv) (a) The loan will be recoverable from the party in five equal instalments, first instalment starting from 6th year of the date of disbursement of loan.

(b) **Procedure for applying.**—The application in the prescribed form as per annexure 'B' for grant of interest free loan relating to each financial year of eligibility/the period of eligibility already over shall reach the concerned General Manager within six months accompanied by the following documents after which no claim shall be entertained under the previous scheme after the issue of this notification.

1. A copy of the assessment order made by the competent Sales Tax Authority duly attested by the concerned Excise and Taxation Officer.

2. Original receipts or duplicate receipts duly attested by the concerned Excise & Taxation

Officer *vide* which Central Sales Tax was deposited on the sales of finished goods outside the Pradesh.

3. The concerned General Manager, will forward the application to the Director of Industries, Himachal Pradesh along with his recommendation. He may call for such additional information/clarification of the information already given as may be necessary.

(c) Condition for the grant of loan:

1. An industrial concern would be allowed to make an application for grant of interest free loan once in a year.

2. The grant of interest free loan will be subject to the condition that the assessment made by the competent authority is accepted by the industrial concern claiming the loan and no appeal is preferred against this assessment.

3. The loan shall be advanced against the mortgage of immovable property of the industrial concern as per annexure "II".

4. (a) In case where the immovable property stands already secured by mortgage/hypothecation with other financial institution or banks, the charges of C.S.T. loan will be a second charge on the fixed assets.

(b) The loanee shall have to sign an agreement of mortgage as second charge in favour of the State Government. The charge in stamping duty registration fees etc., shall be borne by the party.

5. If the total amount of loan involved is not more than Rs. 25,000 per year the loan can be secured by personal guarantee of a proprietor or partners or two Directors and at least two reliable persons with adequate assets to the satisfaction of Director of Industries, Himachal Pradesh. The agreement to be signed with the industrial concern is given in Annexure-III.

6. The total amount of advance during the first three years from the date of going into production would be repayable in five equal instalments from the sixth year of the date of disbursement of the loan.

7. In case of default of repayment of loan, compound interest at the rate of 16% would be charged for the period of default in respect of repayment of outstanding instalments of loan.

8. The Director of Industries, Himachal Pradesh or such officer or officers, as may be authorised by him can inspect the premises, books, machinery, stocks stores and other belongings and things connected with any industrial undertaking in respect of which loan has been granted. He may for the purpose of such inspections enter such premises at any hour between sunrise and sunset. Every such officer may require the recipient of loan to hand over to him for examination all books kept in connection with the industrial undertaking in respect of which the loan was granted.

9. The industrial units shall be required to furnish to the State Government the statement of account for every accounting year duly audited and certified by Chartered Accountant showing the following:—

(a) Full and complete statement of assets and liabilities.

(b) Working or manufacturing accounts showing the outturn of the industrial enterprise with the cost per unit of out-turn.

10. **Profit and Loss Account.**—If the loanee shall make default in compliance with any of the terms or conditions of the agreement/mortgage deed or in the payment or any instalment

of loan granted and the money secured or any part thereof the entire amount of the loan drawn by him shall become immediately repayable in lump sum and from the date of default. The Government shall be entitled to charge interest at the rate of 16% p.a. and without prejudice to other rights and remedies of Government, the Director of Industries, Himachal Pradesh or any officer authorised by him in this behalf may make recovery of the entire outstanding loan along with interest calculated thereof at the rate of 16% p.a. as arrears of land revenue.

11. All repayments of loan, interest or other sums due shall be made at a Government Treasury to the credit of Government in such manner as the Director of Industries, Himachal Pradesh may notify from time to time through officer authorised by him.

12. In case of any dispute the decision of the Secretary to the Government of Himachal Pradesh in the Industries Department shall be final and binding on both the parties.

13. The period of representation against an order issued for the refund of the loan shall be one month from the date of issue of order.

14. Subsidy on installation of Generating sets.—Industrial units with capital cost i.e. cost of land, building and machinery including diesel generating sets exceeding rupees one crore may get a subsidy on installation of generating sets at the rate of 15% of the cost of diesel generating sets subject to maximum of rupees 75,000/- each case.

15. Underwriting of Share Capital.—**(a) Facilities for.**—Underwriting of share capital to the private industrial undertaking upto 25% of the paid up capital may be afforded through the Himachal Pradesh Mineral & Industrial Development Corporation. The Company applying for underwriting should have obtained:—

(i) Certificate of incorporation as a Public Ltd., Co.

(ii) Certificate of commencement of business.

(iii) Consent of the Controller of Capital issue if necessary, for the issue of this capital.

(b) An application for underwriting of share capital should be made to the Secretary of the Corporation in the form prescribed as Annexure-E.

(c) Payment of a fee calculated as 1/8 per cent of the amount to be underwritten should be made with the application for underwriting. The fee should be remitted through demand draft on any scheduled bank at Shimla in favour of Secretary to the Corporation. Such fee shall not be refunded in any case.

(d) For application for underwriting shall be considered unless the industrial project sought to be financed is found technically sound and economically viable. The amount to be actually underwritten in the form of equity or preference capital would depend on merits of each individual case.

(e) The promoters will be required to make a minimum investment in the share capital equal to the amount underwritten by the Corporation.

(f) The General terms and conditions of underwriting will be as follows:—

(i) the corporation shall have a right to share on suitable terms and condition with sub-underwriting to liability;

(ii) the applicant shall submit draft prospectus to be issued reasonably in advance for approval by the Corporation;

- (iii) corporation will have the right to appoint non rotation directors so long as it holds any part of the capital underwritten;
- (iv) the applicant shall pay to the Corporation under writing commission at the rate of 2½% or such other rate as may be fixed by the Corporation from time to time;
- (v) the promoters, directors and their friends should satisfy the Corporation that they have paid all money payable on application and allotment in respect of their shares of investment in the Co. before Corporation is called upon to fulfil its obligations;
- (vi) the company shall not embark upon any project of expansion or change in the project envisaged except with the approval of the Corporation;
- (vii) dividend on preference capital underwritten shall be payable at such stipulated rate as may have been for the time being fixed by the controller of capital issued. The dividend shall be free of company income tax but subject to deduction of tax at sources at the prescribed rate;
- (viii) the Company shall redeem at par all preference shares subscribed by the Corporation at the end of period of seven years commencing from the date of allotment of shares in three consecutive equated annual instalment shall be taken over on the day next following that in which the aforesaid period of seven years expire. The company shall also make efforts to sell in the market such preference shares at par on premium and to the extent of sales of shares the liability of the Corporation shall cease;
- (ix) the Corporation may require all or any of the Director of the Co. to stand guarantee for the reduction of share capital as provided in sub-para (viii) above and for the payment of dividend due to Corporation as long as the Corporation held shares;
- (x) the liability of guarantee for the payment of guarantee dividend to the Corporation shall commence at the end of the three years from the date of allotment of shares. The amount payable to the Corporation on this account at the end of this period shall comprise the dividend accrued for the entire aforesaid period of three years;
- (xi) notwithstanding the stipulation made in sub-para (x) above, Corporation shall be entitled to receive direct from the Co. full payment allowed to the guarantor (s). The liability of the guarantor (s) in such a case shall stand reduced to the extent of dividend directly paid by the Company;
- (xii) the dividend for the first three years shall be payable to the Corporation in the manner indicated in sub-para (x) and (ix) above and thereafter the dividend shall be payable by the guarantors or the company as the case may be in the first week of the year following that to which it relates irrespective of the fact whether the Co. declares any dividend or not;
- (xiii) the Corporation shall underwrite equity capital only in industries requiring specialised know-how and large financial investment, which are certified to be of major importance for the State's general industrial growth by the Director of Industries.
- (xiv) the promoters shall have the option to purchase the equity stock held by Corporation on payment to the full face value of the shares plus interest calculated at the rate of 9.5% from the date of investment. Deduction may, however, be made from his amount of the dividend, if any, paid by the company subject to the maximum of 9.5%.

16. Price Preference in Government/Semi-Government/Autonomous Bodies purchase programme.—The products of SSI units manufactured in Himachal Pradesh shall be entitled to the price preference upto 17-1/2% in respect of purchases effected by Government departments, Autonomous Bodies and Semi-Government organisations.

A similar price preference upto 5% shall be available to the products of medium and large scale industrial units, manufactured in Himachal Pradesh.

In case of any dispute arising out of interpretation and implementation of above incentives, the same will be referred to the Secretary (Industries) to the Government of Himachal Pradesh whose decision will be final and binding to all.

By order,
Sd/-
Commissioner-cum-Secretary.

ANNEXURE A

PROFORMA OF APPLICATION FOR 75% SUBSIDY ON THE PREPARATION OF FEASIBILITY REPORT

1. Name and address of the applicant.
2. Item of manufacture and capacity proposed.
3. Proposed location.
4. Type of organisation existing/proposed. (please indicate whether it is a proprietorship concerns, partnership concern, Public Limited Company, Private Limited Company or Co-operative Society. Kindly give a note about present activities of the concern).
5. Names of the present/proposed proprietor, partners of Board of Directors and their addresses.
6. Project cost (with breakup).
7. Promoters contribution (with breakup).
8. Type of study/report desired with scope of work.
9. Preference regarding consultants and reasons for the same.
(Kindly enclose the bio-data of consultants preferred indicating their experience, assignments undertaken or any special achievements etc.).
10. Steps taken for project implementation if any. (May include information regarding the application for registration with the State Director of Industries or D.G.T.D/I. P.R.A. or some other competent agency if and when required by law or regulations).

Certified that above particulars are correct to the best of my/our knowledge.

Date.....
Place.....

Signature of Applicant.
Designation.....

ANNEXURE B

APPLICATION FORM FOR CLAIMING REFUND OF CENTRAL SALES TAX FOR THE ASSESSMENT YEAR.....

1. Name and address of Industrial Unit.
2. Location.
3. Constitution.
4. Registration No.
5. Date of start of production Assessed capacity. Name of the item produced.
6. Capital investment as at present:

- (a) Land.
- (b) Building.
- (c) Machinery.

Total

- (d) Are these mortgaged and if so for what amount and to whom.
- 7. Production.
- 8. Sales within the State.
- 9. Sales outside the State.
- 10. Amount of C.S.T. paid for the year.....
(Please attach detailed statement of deposits along with certificate of the E.T.O. concerned).
- 11. Amount of refund claimed as interest free loan.
- 12. Amount of refund eligible as interest free loan.
- 13. Nature of security/surety to be given for obtaining the loan along with affidavit.

Certified that the information given above is true to the best of my knowledge and belief and that nothing in this behalf has been concealed.

Signature of the applicant.

14. Recommendations of the General Manager concerned—

- (i) Certified that the particulars and documents furnished by the party have been duly verified by the undersigned and are correct.
- (ii) Certified that the factory of M/S.....for the manufacture of.....has commenced production from.....and is eligible for grant of interest free loan in lieu of Central Sales Tax paid on Inter-State Sales.
- (iii) That no loan under State Aid to Industries Act, has/have been advanced to the party.

OR

a sum of Rs.....has been advanced as loan to the party who is making regular payment of instalment and their cases have not been referred to or are under process for the recovery of the outstanding amount as arrears of land revenue.

- (iv) The claim of the party for interest-free loan works out to Rs. in relation to the Central Sales Tax actually paid or 8%/5% of the Capital Investment in land, building and machinery whichever is less.

General Manager.

ANNEXURE I

AGREEMENT

This agreement is made at.....this.....day of the month of.....in the year 19 between M/s.....a Public Limited Company incorporated under the Companies Act 1956, or M/s Private Limited company incorporated under the Companies Act having its registered office at.....or a Co-operative Society registered under the Himachal Pradesh Co-operative Societies Act 1968 or a partnership concern styled ascarrying on its business at.....or a sole proprietorship concern styled as carrying on its business at.....(hereinafter called the industrial concern which shall include its successor, assignees, legal representative) of the one part and the Government of Himachal Pradesh through the Director of Industries (and hereinafter called the Government) of the other part.

Whereas the industrial concern has approached the Director of Industries for making allotments to him on lease of an industrial plot in the Industrial Area at.....for establishment of an industrial unit for the manufacture of.....for a period of 95 years on usual terms;

And whereas the Director of Industries, Himachal Pradesh after considering the application of the industrial concern has agreed to grant the lease sought for by the industrial concern provided the industrial concern constructs the building for the proposed unit on the plot of land which may be provisionally allotted to the Industrial concern for a period of one year from the date of this agreement and for taking effective steps for the establishment of said industrial unit within the period of said one year and on the industrial concern depositing a sum to the maximum extent of Rs. 2,000/- as may be advised to him by the Director of Industries and General of the District Industries centre and in case the industrial concern fails to construct the factory building and fails to take effective steps for the establishment of the said industrial unit over the said provisionally allotted land, the said Industrial concern shall have no right to the grant of lease or to hold to the possession of the said plot of land and his earnest money shall be liable to be forfeited:—

Now this agreement witnesseth as under:—

(1) In pursuance of the aforesaid agreement and in consideration of Rs.....having been paid as earnest money for the grant of 95 years lease in a plot of land measuring approximately.....sq. metre in the Industrial Area at.....which plot of land belongs to the Government, the Government through the Director of Industries hereby agrees to grant 95 years lease to the industrial concern over the said plot provided the industrial concern constructs the factory building completely within one year of the delivery of possession of the said plot of land to it and also takes effective steps for establishing its unit on the said plot of land. In case the industrial concern fails to complete the construction of the factory building and fails to take effective steps for establishing unit on the said plot, the Government will not be liable to grant lease on the said plot of land to the industrial concern and it will be entitled to resume the possession of the said plot of land along with any construction made thereon by the industrial concern, which construction will be liable to be demolished by the Government, in case the industrial concern does not remove the same itself within one month of the resumption of the possession thereof by the Government through the Director of Industries entirely at the cost of the industrial concern.

(2) The industrial concern hereby covenants with the Government as follows:—

- (a) The Industrial concern undertakes to complete the construction of the industrial unit on the said plot provisionally allotted to him within one year from the date of handing over possession thereto to the industrial concern.
- (b) The industrial concern also undertakes to take effective steps for establishing its industrial unit for the manufacture of.....in the said industrial plot within the aforesaid period of one year.
- (c) In case the industrial concern fails to complete the construction of the factory building and/or fails to take effective steps for the establishment of said unit in the said plot then the industrial concern would be deemed to have forfeited its rights for granting of lease in the aforesaid plot of land and the Government shall be entitled to forfeit the earnest money paid by the industrial concern to the Government for grant of lease of the said plot of land and it shall also be entitled to resume possession of the said land.
- (d) The decision of the Director of Industries that the industrial concern has or has not completed the construction of the building within the stipulated period and it has failed to take effective steps for the establishment of the industrial unit within the said stipulated period shall be final and binding on the industrial concern.

(3) That for a period of one year from the date of delivery of possession, the occupation of the industrial concern on the said plot will be deemed only that of a licence and the industrial

concern shall be entitled to the lease of the said plot on usual terms only after it has completed the construction of the building and taken effective steps for the establishment of the industrial unit within the said period as per revised rule regarding grant of incentives to the new and already established units in the Himachal Pradesh.

(4) The industrial concern shall not create hinderance or object to the resumption of said plot of land in case it has failed in its obligations of completing the factory building and taking effective steps for starting its industrial unit within the said stipulated period.

(5) In case the industrial concern has fully to comply with the aforesaid conditions of completing the construction of the factory building and of taking effective steps for the establishment of its unit within said period of one year in the said industrial plot the Government through the Director of Industries shall be liable to execute regular lease deed on a proper stamp paper the cost of which will be born by the industrial concern as also the registration and other charge connected therewith.

In witness whereof the industrial concern which is a public Limited Company/Private Company/Co-operative Society has affixed its seal on this agreement in pursuance of resolution passed by the Board of Director/Governing Committee in its meeting held on..... in the presence of undersigned:—

1. Director.
2. Director.
3. Secretary.

or

In witness whereof the industrial concern which is a registered partnership firm has signed this agreement through its partners as under:—

1. Partner.
2. Partner.
3. Partner.

or

In witness where of the Industrial concern which is a sole proprietorship has signed this agreement through its proprietor in the presence of undersigned witnesses:—

Witnesses

1.

2.

(Signature),
Industrial concern though,
(First party),

(Signature),
Himachal Pradesh Government through,
Director of Industries (Second party).

ANNEXURE II
MORTGAGE DEED

This deed of mortgage is made this day of the month of in the year 19 by M/s Limited Company incorporated under the Companies Act, 1956, or M/s Private Limited Company incorporated under the Companies Act having its registered office at or a Co-operative Society registered under the Himachal Pradesh Co-operative Societies Act 1968 or a Partnership firm styled as carrying on its business at or a sole Proprietorship concern styled as and carrying on its business at (here-in-after called the borrower which shall include its successor, assignees legal representative) in favour of the Governor, Himachal Pradesh acting through the Director of Industries (here-in-after called the Government).

Whereas under the revised rules regarding grant of incentives to new and already established industrial units in the State of Himachal Pradesh, The Government of Himachal Pradesh has agreed to grant interest free loan on Central Sales Tax paid on sales made outside Himachal Pradesh to the extent of Central Sales Tax paid or 18% of the capital investment in land, buildings and machinery which ever is less in respect of industrial units established in Himachal Pradesh having a capital investment over Rs. 10.00 lakhs upto Rs. 50.00 lakhs and upto 5% of capital investment or the Central Sales Tax paid whichever is less in case of those units which have the capital investment between Rs. 50.00 lakhs and Rs. 2 crores;

AND Whereas the borrower who is eligible for grant of loan under the aforesaid rule has applied for the incentive of the said interest free loan to the maximum extent of Rs. as the borrower industrial unit comes within the ambit of capital investment of Rs. 10.00 to 50.00 lakhs limit or Rs. 50.00 lakhs to Rs. 2.00 crores limit;

AND whereas on the application of the borrower the Director of Industries, Himachal Pradesh has agreed to make available to the borrower interest free loan under the Rule 14 of the aforesaid Rules regarding grant of incentives to new and already established industrial units in Himachal Pradesh to the extent of Rs. on the terms and conditions here-in-after appearing;

AND whereas the borrower is seized of the land bearing Khewat No. Khatauni No. Khasra No. situated in village Tehsil district according to the jamabandi of the year 19 19 and the building constructed thereon and plant and machinery fixed therein for the manufacture which land, building and machinery are free from all incumbrances;

AND whereas for securing the repayment of the said interest free loan intended to be availed by the borrower the borrower has agreed to mortgage the aforesaid land, building and machinery in favour of the Government;

Now this deed of mortgage witnesses as under:—

- (1) In pursuance of the said agreement and in consideration of the sum of Rs. which the Government has agreed to make available to the borrower as interest free loan the borrower mortgagor hereby conveys and transfer to the Government by way of mortgage his aforesaid land, building and machinery fully detailed in Schedule 'A' (containing full detail of land and building) Schedule 'B' (containing the details of machinery and plant) to the Government for securing the repayment of the said interest free loan and TO HOLD the same upto the said Government as mortgagee thereof for the period the said loan remains unpaid to the Government as per terms here-in-after appearing.

(2) The borrower hereby covenants with the Government as follows:—

- (a) The loan hereby secured shall be payable by the borrower in 5 equal yearly instalments from the sixth year from going into production by the borrower. The borrower will not commit any default in the repayment of said interest free loan and as stated above would repay the same in 5 equal yearly instalments from the sixth year of the borrower's unit going into production, in case the borrower makes a default in the repayment of annual instalment on due dates the loan shall carry interest at 16% per annum which shall be compoundable after every six months so long the default persists in respect of defaulting instalments.
- (b) The Director of Industries, Himachal Pradesh or such other Officer or Officers as may be authorised by the Director of Industries to inspect the premises, books of the accounts or any other books, machinery stocks, stores and other belongings and things connected with borrower's industrial unit in respect of which loan has been granted, may for the purposes of such inspection enter such premises at any hour between sun rise and sun set. Every such officer may require the borrower to hand over to him for examination all books kept in connection with the industrial units in respect of which the loan has been agreed to be made available to the borrower.
- (c) The borrower shall be liable to furnish to the Director of Industries the statement of accounts for every accounting year duly audited and certified by Chartered Accountant showing the following:—
 - (i) Full and complete statement of assets and liabilities;
 - (ii) Working or manufacturing accounts showing the out-turn of the industrial enterprise with the cost per unit of such out-turn;
 - (iii) The profit and loss account;
- (d) The said loan will be utilised by the borrower for capital investment, working capital of the said industrial unit or repayment of term loan(s) of the financial institution or for such any other purpose as the State Government may decide at the time of sanctioning of the loan to the industrial unit of the borrower.
- (e) The borrower shall inform the Director of Industries of the utilisation of the said loan within three months of the disbursement of the loan.
- (f) The borrower shall not except with the prior consent of the Director of Industries, of Himachal Pradesh, withdraw from the industrial unit any profits or declare or distribute any dividend in excess of such percentage/rate upon the amount of capital of the industrial concern as may be determined by the Director of Industries H. P. in each case so long any part of the loan remain unpaid or this indenture remains in force.
- (g) If the borrower shall make any default in repayment of the said loan amount as stipulated above or default in compliance with any of the terms and conditions of this indenture the entire loan amount shall become payable immediately with interest at 16% per annum from the date of default with the six monthly/yearly rests.
- (h) The borrowers as beneficiary of loan of the industrial unit do hereby grant, convey, and assigns unto the Government,
 - (i) all the property mentioned in Scheduled 'A' and 'B' to this deed.
 - (ii) all the assets present and to be acquired hereinafter by borrower whether the said present and future assets be in his own personal name or that of the industrial concern including book, debts, stock and stores, the premises and machinery whether existing or to be purchased or whether referred to the scheme of borrower or not, and to have hold the same into and use of the Government for every subject to the provision for redemption on payment of all the dues of the Government.

(i) the borrower hereby agrees to insure his industrial unit against fire risk, riot and against theft, the entire machinery stocks hereby conveyed in favour of the Government by way of security and all other property hereby mortgaged and the policy of insurance shall be taken out in the joint name of the borrower and the Director of Industries and it shall be deposited with the Director of Industries, Himachal Pradesh. The borrower shall be liable to pay all premium and get the insurance renewed from time to time during the currency of the loan failing which Government may get the said property and assets insured and pay from its pocket the premium thereon which shall be recoverable by the Government from the borrower and shall form part of the loan secured carrying interest at 16% per annum under this indenture.

(j) the borrower shall repay the said loan in five instalments as follows:—

First instalment of Rs.....	on.....
Second instalment of Rs.....	on.....
Third instalment of Rs.....	on.....
Fourth instalment of Rs.....	on.....
Fifth instalment of Rs.....	on.....

The dates herein fixed are due dates for repayment of the said loan for the purpose of calculating interest on defaults.

- (k) if the properties described in sub-clause 2(h) are already mortgaged with financial institutions for securing loan of Rs..... to be repaid to such institutions by the mortgager and the mortgagor of the properties under such clause.
- (l) I/we hereby create an additional charge on these properties mentioned in schedule 'A' and 'B' in favour of the Government for securing the repayment of aforesaid interest free loan.
- (m) provided that when the hereinafter mentioned covenants for repayment shall have satisfied and the principal sum due thereon shall have been entirely paid. Government as Mortgagee shall at the request of borrower and at the cost of Mortgagor reconvey the properties here-in-before promised as security for repayment of the said loan.
- (n) it is further agreed by the Mortgager that without prejudice to anything hereinbefore contained the Director of Industries, Himachal Pradesh may appoint of his own directors or otherwise exercise such control over the conduct of the Industrial unit to which the loan has been given, which in his opinion is required to safeguard the interests of Government in such Industrial concern, and that the Mortgagor shall forthwith comply with all recommendations made by the Director of Industries, Himachal Pradesh or the Directors appointed.
- (o) all disputes and differences arising out of or in any way touching or concerning this agreement what-so-ever shall be referred to the sole arbitration of the Secretary Industries, Himachal Pradesh Government acting as such at the time of reference. There will be no objection to such appointment if the arbitrator so appointed is a Government servant inspite of the fact that he had to deal with the matters which this agreement relates and that in the course of his duties as Government servant he has expressed views on all or any of the matters in dispute or difference. The award of such arbitrator shall be final and binding on the parties to this agreement.
- (p) it is further agreed that the stamp duty and also registration charges shall be borne by the Mortgagor and the same shall be presented for registration by the Mortgagor and registered at his own cost.

(q) in witness whereof the borrower which is a public Limited Company/Private Limited Company/Co-operative Society has affixed its seal on this deed of mortgage in pursuance of resolution passed by the Board of Director/Governing Committee in its meeting held on.....in the presence of undersigned witnesses:

- 1.
- 2.

In witness whereof the borrower which is a registered partnership firm have signed these presents through its partner.

- 1.
- 2.
- 3.

In witness whereof the borrower who is sole proprietor of the Industrial unit for which loan is obtained has appended his signatures on this indenture in the presence of the undersigned witnesses.

Witnesses:

- 1.
- 2.

*Borrower Mortgagor,
(Executant).*

ANNEXURE III

AGREEMENT DEED FOR INTEREST FREE LOAN AGAINST CENTRAL SALES TAX ON INTER-STATE SALES OF FINISHED GOODS

This agreement is made at.....this.....day of the month ofin the year 19.....between M/sa Public Limited Company incorporated under the Companies Act, 1956, or M/sPrivate Limited Company incorporated under the Companies Act having its registered office ator a Co-operative Society registered under the H. P. Co-operative Societies Act, 1968 or a partnership firm styled as.....carrying on its business at.....or a sole Proprietorship concern styled as.....and carrying on its business at.....(here-in-after called as Industrial concern which shall include its successor, assignees, legal representatives) of the first part

and

(i)son of
resident of
(2).....son of.....
resident of
(here-in-after called as sureties which shall include their successor, assignees, legal representatives) or the second part;

and the Governor of Himachal Pradesh through the Director of Industries (here-in-after called the Government) of the third part.

whereas the Government of Himachal Pradesh have allowed incentive of interest free loan against Central Sales Tax paid on inter-State Sales to the Industrial units set up on 28-5-1974 and thereafter on the terms and conditions laid in the Notification No.....dated.....;

AND whereas the Industrial concern has applied for the grant of an interest free loan of Rs..... (here-in-after referred to as the said loan) for the purpose of Investment in the said concern for Industrial purpose i.e. capital investment/working capital/re-payment of term loan of financial institutions or in any other manner State Government may decide at the time of sanction of said loan and Shri..... have agreed to stand as sureties for the repayment of the said loan;

AND whereas the Government has agreed in pursuance of the said Notification to grant the loan of Rs..... as per detailed given below subject to the conditions hereinafter appearing:—

For the first year of production Rs.....i.e. from.....to.....
 For the second year of production Rs.....i.e. from.....to.....
 For the third years of production Rs.i.e. fromto.....

Total

NOW THIS AGREEMENT WITNESSES THAT

In pursuance of the said agreement and for the purpose of securing the repayment of said loan of Rs.....the Industrial concern hereby covenants with the Government to pay to the Government before the day.....198

(i) The Industrial concern shall repay the said loan in five instalments as follows:—

FIRST INSTALMENT OF Rs.....on.....
 Second instalment of Rs.....on.....
 Third instalment of Rs.....on.....
 Fourth instalment of Rs.....on.....
 Fifth instalment of Rs.....on.....

- (ii) that it shall be lawful for the industrial concern to repay the whole or any portion of the said loan exceeding the instalments referred to above prior to the said due date.
- (iii) the said loan is made under and shall remain in any case subject to the provisions of the H.P. Government previous notification and any amendment made from time to time in this behalf.
- (iv) the Industrial concern shall utilise the said loan for the purpose of investment in the said concern for industrial purpose i.e. Capital Investment, Working Capital or repayment of term loan of the financial institution and will inform the Director of Industrial about its utilisation within 3 months from the date disb. rsement.
- (v) the Industrial concern shall not except with the prior consent of the Director of Industries, Himachal Pradesh, withdraw from the industrial unit any profits or declare or distribute any dividend in excess of such percentage/rate upon the amount of capital of the Industrial concern as may be determined by the Director of Industries, Himachal Pradesh in each case so long any part of the loan remain unpaid or this agreement remains in force.

- (vi) if the Industrial concern shall make default in complying with any of the terms and conditions of this deed or in the repayment of any instalment of the loan hereby granted or any part thereof on the due date or dates, the entire amount of the loan availed by him and outstanding against him shall become immediately payable. From the date of default Government shall be entitled to charge interest at the rate of 16% per annum without prejudice to other rights and remedies of the Government. Director of Industries or any other officer authorised by the Government in this behalf shall call upon the Industrial concern to pay the due amount along with

interest in the event of default in repayment and the loan outstanding against him along with interest charges shall become immediately payable.

(vii) The Industrial concern hereby agrees to ensure his industrial unit against fire risk riot and against theft, the entire machinery stocks hereby conveyed in favour of the Government by way of security and all other property hereby mortgaged and the policy of insurance shall be taken out in the joint name of the borrower and the Director of Industries and it shall be deposited with the Director of Industries, Himachal Pradesh. The borrower shall be liable to pay all premium and get the insurance renewed from time to time during the currency of the loan failing which Government may get the said property and assets insured and pay from its pocket the premium thereof which shall be recoverable by the Government from the borrower and shall form part of the loan secured carrying interest at 16% per annum under this indenture.

2. As security for the sum of Rs.....sureties do hereby agree that if the Industrial concern make default in the repayment of the loan hereby granted or any part thereof or any interest thereon on date or dates on which the same shall be or become due and payable then the whole of the said loan and interest if levied, whether added to the principal or itself, being interest or not/or such part as may or thereafter be due and unpaid shall become due and payable by the sureties jointly and severally and the Government shall be at liberty to recover the same from the sureties.

3. Whenever any sum due along with interest thereon are not repaid by the Industrial concern/sureties after issue of notice the arrears shall be deemed to be the arrear of land revenue and may without prejudice to any other right and remedies of the Government be recovered from the Industrial concern and the sureties in the same manner as an arrears of land revenue under the relevant law for the time being in force in that behalf.

4. Notwithstanding anything contained here-in-after the Director of Industries of its own or through its representatives appointed as Director in the Board of Directors' of the Industrial concern may exercise such control over the conduct of the Industrial concern to which loan has been given which in his opinion is required to safeguard the interest of the Government and the Industrial concern shall comply with all recommendations made by the Director of Industries or his representative in this behalf.

5. All disputes and differences arising out of or in any way touching or concerning this agreement what-so-ever shall be referred to the sole arbitration of Secretary Industries to the Himachal Pradesh Government acting as such at the time of reference. There will be no objection to such appointment if the arbitrator so appointed is a Government servant inspite of the fact that he had to deal with the matters to which this agreement relates and that in the course of his duties as Government servant he had expressed views on all or any of the matters in dispute or difference. The award of such arbitrator shall be final and binding on the parties to this agreement.

6. The stamp duty on this instrument shall be borne by the industrial concern.

7. It is further agreed that until the entire amount is repaid (with interest if levied) the principal will undertake free training of apprentices selected by the Director of Industries, Himachal Pradesh not exceeding three in number in the industrial unit run by the industrial concern and that non-fulfilment of this condition shall be deemed to be a default in compliance with this deed.

8. The industrial concern agrees that it shall effect all inter-State sales from a place in the State of Himachal Pradesh.

In witness whereof the Industrial concern which is a Public Limited Company/Private Limited Company/Co-operative Society has affixed its seal on this agreement in pursuance of resolution passed by the Board of Directors/Governing Committee in its meeting held on in the presence of undersigned.

1. Director
2. Director

or

In witness whereof the Industrial concern is a registered partnership firm has signed this agreement through its partners as under:—

1. Partner
2. Partner
3. Partner

or

In witness whereof the Industrial concern which is a sole proprietorship has signed this agreement through its proprietor in the presence of undersigned.

Witnesses:

Signature

Signature of the sureties.

- 1.
- 2.

Witnesses:

- 1.
- 2.

*Signature for and on behalf of the Governor
of Himachal Pradesh.*